

Message Text

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PAGE 01 BRASIL 05393 112227Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 HA-05 DODE-00 PA-01 ICA-11 SP-02
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R 111420Z JUL 78
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC 8217
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 5393

EO 11652: GDS
TAGS: ELAB, BR
SUBJ: LABOR MINISTER ON STRIKE DEVELOPMENTS

FOLTEL SENT ACTION BRASILIA INFO RIO DE JANEIRO REPEATED FOR
YOUR ACTION/INFO

QUOTE

C O N F I D E N T I A L SAO PAULO 1968

EO 11652: GDS
TAGS: ELAB, BR
SUBJ: LABOR MINISTER ON STRIKE DEVELOPMENTS

REF: SAO PAULO 1636

1. SUMMARY: AMBASSADOR, ACCOMPANIED BY LABOR ATTACHE, CALLED
ON LABOR MINISTER ARNALDO PREITO JULY 6. MINISTER GAVE A
GENERALLY UPBEAT ACCOUNT OF CURRENT LABOR SCENE. HE EMPHASIZED
THE ESSENTIALLY POSITIVE RESULTS OF THE RECENT WAVE OF STRIKES
AFFECTING THE SAO PAULO METALLURGICAL INDUSTRY. END SUMMARY.

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2. GOVERNMENT TAKING PRAGMATIC ATTITUDE TOWARD STRIKES: PRIETO
SAID HE HAD JUST RETURNED FROM DELIVERING A REPORT TO PRESIDENT
GEISEL ON THE NUMBER OF SAO PAULO STRIKE SETTLEMENTS. HE COMMENTED
THAT UNION LEADERS HAD BEEN VERY ASTUTE IN MANNER IN WHICH THEY
HAD HANDLED STRIKES. WORKERS HAD LIMITED THEIR DEMANDS TO STRICTLY
JOB RELATED ISSUES, PRIMARILY WAGES. PRIETO REPEATED THE GOVERNMENT'
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VIEW THAT UNIONS AND POLITICS ARE MUTUALLY INCOMPATIBLE. BY REJECTING POTENTIAL STUDENT SUPPORT THE UNIONS MADE IT CLEAR THEY WERE ONLY INTERESTED IN "BREAD AND BUTTER" ISSUES. THE MINISTER INDICATED HE DID NOT ANTICIPATE THAT STRIKES WOULD SWEEP ENTIRE COUNTRY. HE IMPLIED THAT ONLY A LIMITED NUMBER OF UNIONS HAD SUFFICIENT ORGANIZATION TO SUCCESSFULLY CONDUCT A STRIKE ACTION.

3. GOVERNMENT'S LABOR POLICY: PRIETO SPOKE OF THE GOVERNMENT'S NEED TO PROVIDE ALL WORKERS IN BRAZIL'Y WIDELY DIVERGENT LABOR MARKET WITH AT LEAST A MINIMUM WAGE SCALE. WORKERS IN RIO GRANDE DO SUL, AN ECONOMICALLY DEVELOPED STATE WITH STRONG EUROPEAN INFLUENCE, ALREADY HAVE A WELL ESTABLISHED PATTERN OF LABOR/MANAGEMENT CONSULTATION AND NEGOTIATION. THE METALLURGICAL UNIONS IN THE YIO PAULO INDUSTRIAL BELT, BY THEIR STRIKE ACTIONS, WERE NOW ACQUIRING SIMILAR REPRESENTATION. THE MINISTER INPLICITLY ADMITTED THAT BY REFUSING TO ALLOW THE COMPANIES TO PASS ALONG THE COST OF WAGE INCREASES TO THE CONSUMER, THE GOVERNMENT IS HOPING TO IMPROVE THE RELATIVE DISTRIBUTION OF NATIONAL INCOME.

4. COMMENT: THE WAVE OF PEACEFUL WORK STOPPAGES WHICH SWEPT THE SAO PAULO INDUSTRIAL AREA DURING MAY AND JUNE SURPRISED BOTH GOVERNMENT AND MANAGEMENT. AS A RESULT OF THE RESTRAINT SHOWN ON ALL SIDES, LABOR/MANAGEMENT RELATIONS IN BRAZIL'S INDUSTRIAL CAPITAL HAVE MOVED TO A SOMEWHAT MORE SOPHISTICATED LEVEL. THE SAO PAULO REGIONAL LABOR DELEGATE REPORTED ON JULY 6 THAT THERE WERE 107 COLLECTIVE AGREEMENTS CONCLUDED
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BETWEEN MAY 9 AND JUNE 27 RAISING THE WAGES FOR 109,000 WORKERS ABOVE THE PREVIOUSLY ESTABLISHED WAGE LEVELS. MANY OTHER COMPANIES GRANTED VOLUNTARY EBPALSHIKES TO THEIR WORKERS WITHOUT IZHE FORMALITY OF A COLLECTIVE AGREEMENT. MOST SUCH INCREASES APPROXIMATED 10 PERCENT IN REAL WAGES, APART FROM THE PERIODIC GOVERNMENT DECREED INCREASES TO OFFSET INFLATION. THE GOVERNMENT'S ESSENTIALLY "HANDS OFF" ATTITUDE TOWARD THE STRIKES FACILITATED SETTLEMENTS AND PROVIDED A TIMELY LIFTING OF THE SAFETY VALVE TO REDUCE LABOR DISCONTENT IN AN ELECTION YEAR. POVENMIRE UNQUOTE
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